

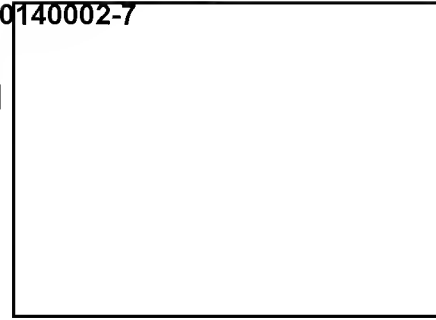


Director of
Central
Intelligence

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National Intelligence Daily

Tuesday
17 April 1979

State Dept. review completed

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The Overnight Reports, printed on yellow paper as the final section of the *Daily*, will often contain materials that update the Situation Reports and Briefs and Comments.

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SPECIAL ANALYSIS

CHINA-VIETNAM: Gulf of Tonkin Dispute

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The Vietnamese-Chinese sea boundary dispute is likely to be an important part of the current talks between the two countries. Resolution of the issue will ultimately depend on improved bilateral relations and the outcome of the intensified search for offshore oil in the Gulf of Tonkin. Current naval activities in the area will help keep tensions high. The Vietnamese base their extensive claims in the Gulf on an 1887 Sino-French boundary convention, which they maintain established longitude 108° 03' 18" east as the offshore boundary. They say that the extension of this boundary from the southern part of the Gulf into the South China Sea is the only issue that needs to be resolved. The Chinese reject the Vietnamese claim--although they offer no countering documentation or specific claims--and state merely that negotiations are needed to settle the issue on an equitable basis.

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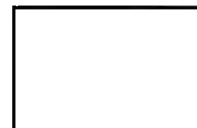
The Vietnamese maintain that the Tonkin dispute began in 1973 when they informed China of their intention to prospect for oil in the Gulf and proposed negotiations to delineate the boundary there and in the South China Sea. China evidently agreed but insisted that until an agreement was reached, third countries should be prohibited from conducting exploration and that all prospecting should be barred in a large area of the central Gulf--conditions that would have effectively prevented any meaningful Vietnamese effort to exploit oil resources there. Vietnam maintains that China refused to discuss the offshore boundary question seriously in 1974 and in another round of talks in 1977.

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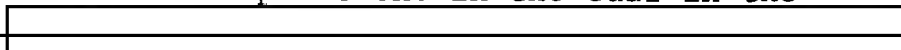
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Vietnam expressed interest in exploring for oil in the Gulf in 1973, but fear of an adverse Chinese reaction and an inability to reach agreement with foreign companies thwarted its plans. The Vietnamese, however, reportedly want to initiate seismic operations in the Gulf in the near future.

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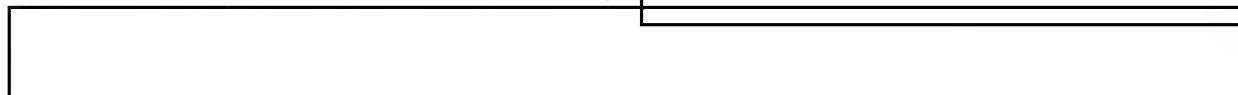
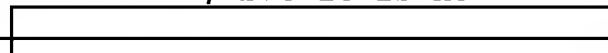


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Vietnam would be hard-pressed to defend militarily its extensive claims in the Gulf. The Vietnamese Navy has recently received frigates, patrol boats, helicopters, and Styx antiship missiles from the USSR, but it is no match for the Chinese forces.

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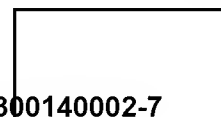


Outlook

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Even if Vietnam and China set aside their larger political differences, the Gulf of Tonkin negotiations would still have only a minimal chance of success unless Vietnam drops its insistence that the 1887 treaty be the basis of negotiations. Vietnam's interpretation of the

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treaty would give Hanoi jurisdiction over a large area west of Hainan Island that China covets for its oil potential. [REDACTED]

Even if Vietnam abandoned its adherence to the meridian boundary line, a division of the Gulf would still require arduous negotiations. The area should theoretically be divided on the basis of equitable principles, which is frequently accomplished with an equidistant line, but two problems would complicate that approach:

- A Vietnamese island, Dao Bach Long Vi, lies in the middle of the Gulf. China would probably demand that the island be ignored; Vietnam would insist that the island be given full effect in determining the boundary--which would give the Vietnamese jurisdiction over a much larger sector between Dao Bach Long Vi and Hainan.
- China opposes the use of the equidistant method to determine a boundary with Japan and South Korea in the Yellow and East China Seas. It would be loath to set a precedent by using this method in the Tonkin Gulf. [REDACTED]

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OVERNIGHT REPORTS

(The items in the Overnight Reports section have not been coordinated within the intelligence community. They are prepared overnight by the Office of Current Operations with analyst comment where possible from the production offices of NFAC.)

Lebanon

The US Embassy in Beirut reports that the Lebanese Government, in an apparent response to an earlier Israeli request, has decided to delay for 24 hours its deployment of Army units to the south originally scheduled for today. Israel officially asked for the delay in order to persuade Lebanese Army Major Haddad, the renegade leader of the Christian-controlled southern enclaves, to accept the deployment plan. The US Embassy in Tel Aviv believes, however, that the Israelis may, in fact, share Haddad's suspicion that Syria and the Palestine Liberation Organization suggested and approved the Lebanese move to the south.

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Iran

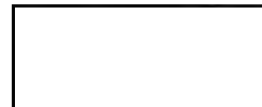
The managing director of Iran's national petrochemical company announced yesterday that negotiations would begin soon to buy all foreign-held shares in Iran's petrochemical industry and bring the plants under one management. The action affects several US companies as well as a group of Japanese companies--led by Mitsui--that own 50 percent of the nearly completed \$3.3 billion Iran-Japan petrochemical complex.

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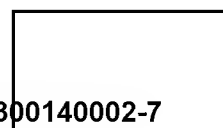


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UN

Secretary General Waldheim will visit Vietnam and North and South Korea during his month-long trip to the Far East that begins Sunday. According to a Western press report, Waldheim will also go to China, Singapore, Malaysia, Indonesia, and the Philippines. 

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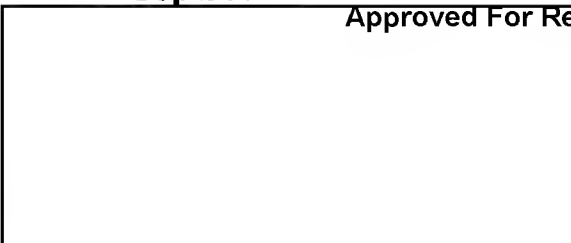


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